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C O N F I D E N T I A L SECTION 01 OF 03 TEGUCIGALPA 000339

SIPDIS

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SUBJECT: PEPE LOBO TURNS ON FOURTH URN

Classified By: Ambassador Hugo Llorens for reasons 1.4 (B & D).

11. (C) Summary: Honduras continues to be in a state of tension caused by President Zelaya's increasingly strident campaign to hold a referendum (the Fourth Urn) calling for the convening of a constituent assembly that would make radical changes to the nation's constitution. In a major surprise, conservative National Party Presidential candidate Pepe Lobo said he now agreed that the people needed to be consulted and that he would seek legislation supporting the Fourth Urn. Lobo's about-face has been harshly criticized by a broad spectrum of moderates, including within his own National Party. In a meeting with the Ambassador, Lobo said overwhelming popular support for the Fourth Urn gave him little political choice. However, he argued vehemently that the proposal could be regulated by legislation in the National Congress to neutralize any attempt by Zelaya to use the Fourth Urn as a populist banner to achieve his own narrow political ends. Lobo's approach may have merit if he can achieve a consensus within the Congress. If he is unable to achieve unity, he may seriously weaken the democratic forces and provide an opportunity for Zelaya to sow further mischief and instability. Lobo will be in Washington the week of May 18 for consultations with U.S. officials and will certainly want to discuss this issue and the political situation in general. End Summary.

Fourth Urn Proposal

12. (C) Honduras remains distracted and in semi-paralysis by the political turmoil generated by President Zelaya's proposal to add a Fourth Urn for the General Elections to be held on November 27. The legally mandated three urns are the Presidential, Congressional and Mayoral ballots. President Zelaya's Fourth Urn would ask voters to approve by referendum the convening of a constituent assembly to reform the Honduran constitution. In numerous public statements in recent weeks, Zelaya has argued on the need to radically reform the Honduran constitution and spoken approvingly of

President Correa's constitutional reforms in Ecuador as a possible recipe and potential model for Honduras. Zelaya's increasingly strident support for the Fourth Urn has generated tension and uncertainty. A growing number of people across the political spectrum believe it is a blatant attempt to generate a political crisis and subvert the constitutional order.

13. (C) On May 5, Pepe Lobo, presidential candidate for the right-of-center National Party, surprised the political world here by announcing a shift in his position in favor of holding the Fourth Urn. Only several weeks previously, Lobo held a public rally where he symbolically kicked a cardboard urn to convey his strong opposition to Zelaya's Fourth Urn proposal. In fact, Lobo had been among the most strident in insisting that Zelaya was bent on undermining the democratic process. In publicly describing his shift, Lobo argued that the Honduran people should be consulted on a matter of such importance. He said that he had prepared legislation that would carefully regulate the referendum process in such a way that it would prevent Zelaya from manipulating the Fourth Urn to subvert democracy and the rule of law.

14. (C) Lobo's about-face on the Fourth Urn has created further confusion and disarray amongst those political forces opposed to Zelaya and stopped in its tracks an effort to assemble an anti-Zelaya coalition that included mainstream Liberals from the President's own party, Nationalists, and members of several of the smaller opposition parties. In fact, several prominent National Party leaders, including

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popular Tegucigalpa Mayor Ricardo Alvarez, and Congress Minority Whip Antonio Rivera, publicly expressed their disagreement with Lobo and insisted that the Fourth Urn proposal was illegal since it attempted to reform those articles of the Honduran Constitutional that could not be changed. Liberal Party Presidential candidate Elvin Santos and Congress President Roberto Micheletti are also on the record as strongly opposed to the Fourth Urn.

15. (C) Over coffee at the Residence on May 10, Pepe Lobo briefed the Ambassador on his views on the Fourth Urn, as well as how he saw the upcoming elections campaign. Lobo said that his shift in position on the Fourth Urn was the result of a number of factors. He said that extensive polling conducted by the party in recent weeks suggested that support for the Fourth Urn had risen to 75 percent. The extensive focus polls that they had conducted revealed that the Fourth Urn had the potential to become a rallying cry and banner for the many frustrated Hondurans increasingly dissatisfied with the current political and economic situation and who believed that the Honduran political class had failed to deal with issues of concern such as on jobs, security, health and education. Lobo said he was convinced President Zelaya's tactic was to assemble a mass popular movement under the banner of the Fourth Urn and target his enemies in the political and business establishment. Lobo argued that Zelaya was deftly manipulating the knee-jerk and frontal opposition of the political, business and media elite to the Fourth Urn, and that the Honduran President was seeking to bring to a head a constitutional crisis that might allow him to either hang on to power, or be in a position to direct a constituent assembly in 2010 that could disband the National Congress and the Supreme Court and call for new general elections. Lobo said that Zelaya's populist actions, including his January decree hiking the minimum wage by 60 percent, as well as his push for the Fourth Urn, had raised his approval ratings to 73 percent, which was significantly higher than the approval numbers of himself and of Liberal Party candidate Elvin Santos.

16. (C) On a positive note, Lobo noted that while the public wants to be consulted on the need for constitutional reform and Zelaya's approval numbers are high, his own private polling consistently showed that overwhelmingly the Honduran

people (90 percent) would not/not support any attempt by President Zelaya to stay on beyond his term in office, which ends on January 27, 2010. Furthermore, his polls showed that the people were not seeking radical reform to the constitution, but merely wanted to be heard and consulted by the politicians. Lobo explained that his strategy was to seize the Fourth Urn banner away from Zelaya and be on the side of the Honduran people in their demand to be consulted. According to Lobo, the legislative proposal he had sent to Congress would ensure that the people of Honduras were consulted, while blunting any attempt by Zelaya to manipulate the process in a way that would serve his own political agenda. Specifically, Lobo noted that his proposal would call for the National Congress to pass legislation regulating the referendum. Lobo, as does Zelaya, proposes to hold the referendum on Election Day (November 27), but beyond that Lobo's approach would differ greatly from Zelaya's. For example, Zelaya publicly supports convening a constituent assembly in 2010 that would be given sweeping emergency or parallel authority, including the power to suspend the sitting National Congress and Supreme Court, and convene elections. By contrast, the Lobo constituent assembly would have no such extraordinary powers and its work would be strictly limited to drafting a new constitution. The Lobo constituent assembly would be convened in July 2010, and be

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composed of sitting members of congress, jurists, constitutional experts, and moderate members of civil society. The Lobo assembly would be given several years to draft a new constitution, which would be approved by referendum. If the new constitution was approved, its provisions would not take effect until the end of the term of the next government.

17. (C) In the coming weeks, Lobo said he planned to make his case in a series of scheduled public and private meetings with a wide spectrum of political figures from within his own party, leaders of the other political parties, including Congress President Roberto Micheletti, as well as business and civil society representatives. In the discussion, the Ambassador stressed that the U.S. had some doubts and reservations about the Fourth Urn, and noted that it appeared to be a distraction from the many pressing economic and security issues afflicting Honduras. Nevertheless, the Ambassador said we respected his position and stressed that the key to a positive outcome and smooth transition was for the democratic forces in Honduras to attempt to achieve a win-win consensus that respected the rule of law and was consistent with the existing constitution. The Ambassador encouraged Lobo to keep talking to all sides, including maintaining a dialogue with members of the Zelaya Administration.

Comment:

18. (C) Despite facing a week of withering criticism for his waffling on the Fourth Urn, Lobo was calm, thoughtful and confident during the two-hour session with the Ambassador. He appeared genuinely convinced that the best way forward was to avoid direct confrontation and use the overwhelming control of the National Congress by moderate Liberal and National members to create a legal and regulatory framework to immunize the Fourth Urn from what he believes is an attempt by Zelaya to subvert the constitutional order and stay in power. The weakness with the Lobo approach is that it has sown divisions within his own party, unbalanced those opposed to Zelaya, and in the process weakened the many that support the upcoming elections and seek a legal and constitutional way to avoid a major political crisis. If Lobo is able to achieve strong support and widespread consensus, his proposal may have serious merit. If he fails to bring people together, Lobo may have given Zelaya a unique opportunity to further unsettle and destabilize the political order in Honduras. Lobo will be in Washington the week of May 18 for consultations with U.S. officials and will

certainly want to discuss this issue and the political  
situation in general.  
LLORENS